

ORIGINAL

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

DOCKET FILE COPY ORIGINAL

In the Matter of)
)
)

Implementation of the Pay Telephone)
Reclassification and Compensation)
Provisions of the Telecommunications)
Act of 1996)

CC Docket No. 96-128

RECEIVED

MAY - 5 1997

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

**PETITION OF THE AMERICAN PUBLIC
COMMUNICATIONS COUNCIL FOR CLARIFICATION
OR IN THE ALTERNATIVE RECONSIDERATION**

Albert H. Kramer
Robert F. Aldrich
David M. Janas
DICKSTEIN SHAPIRO MORIN
& OSHINSKY LLP
2101 L Street, N.W.
Washington, D.C. 20037-1526
(202) 785-9700

Attorneys for the American Public
Communications Council

May 5, 1997

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)

Implementation of the Pay Telephone)
Reclassification and Compensation)
Provisions of the Telecommunications)
Act of 1996)
_____)

CC Docket No. 96-128

**PETITION OF THE AMERICAN PUBLIC
COMMUNICATIONS COUNCIL FOR CLARIFICATION
OR IN THE ALTERNATIVE RECONSIDERATION**

Pursuant to Section 1.106 of the Commission's Rules, 47 C.F.R. § 1.106, the American Public Communications Council ("APCC")¹ hereby petitions for further clarification or, in the alternative, for reconsideration of the Common Carrier Bureau's ("Bureau") April 4, 1997 Clarification Order.² In the Clarification Order, the Bureau

¹ APCC is a national trade association of some 1,200 independent (non-telephone company) providers of pay telephone equipment and services. APCC's purpose is to promote fair competition and high standards of service in the payphone and public communications markets.

² Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, Order, DA 97-678, released April 4, 1997 (CCB) ("Clarification Order"). The Clarification Order clarified Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, Report and Order, FCC 96-388, released September 20, 1996 ("Payphone Order"), Order on Reconsideration, FCC 96-439, released November 8, 1996 ("Reconsideration Order"). The Payphone Order, Reconsideration Order and Clarification Order are referred to collectively herein as the Payphone Orders.

explained the scope of the Payphone Orders' requirement that local exchange carriers ("LECs") file federal as well as state tariffs for "unbundled features and functions" offered to payphone service providers ("PSPs").

INTRODUCTION AND SUMMARY

The Clarification Order provides important and necessary guidance regarding the scope of the federal tariffing requirements. As discussed in the Payphone Orders, federal tariffing "enables the Commission to directly ensure that payphone services comply with Section 276." Reconsideration Order, ¶ 162. By clarifying that all payphone-specific network-based, unbundled features and functions are subject to federal tariffing, the Clarification Order promotes the availability of important services needed by PSPs at cost-based, nondiscriminatory rates, thereby promoting both payphone competition and "the widespread deployment of payphone services to the benefit of the general public." Clarification Order, ¶ 3 (quoting 47 U.S.C. § 276(b)).

Further clarification is necessary, however, because certain Bell Operating Companies ("BOCs") are continuing to avoid their federal tariffing obligations due to an apparent failure to understand the Clarification Order. These BOCs' continuing refusal to federally tariff blocking and screening services that were specifically named in the Clarification Order necessitates further clarification of the federal tariffing requirements in two respects.

First, the Bureau should clarify that, in accordance with the Computer III regulatory framework,³ "payphone-specific" features include any unbundled feature that payphone service providers ("PSPs") "may require or find useful in configuring [their payphone] service,"⁴ and are not limited to features offered exclusively or predominantly to PSPs. Second, the Bureau should clarify that "unbundled" features are those features that are available but not automatically provided with a basic payphone line, regardless of how the prices are presented on the tariff page. Such clarification is necessary in order to ensure that essential services such as call blocking and screening, which are critical in protecting against fraudulent payphone calling, are available to PSPs at cost-based, nondiscriminatory rates.⁵

I. "PAYPHONE-SPECIFIC" FEATURES AND FUNCTIONS⁶

In defining the features that must be federally tariffed, the Bureau specifically referenced the Computer III Open Network Architecture ("ONA") regulatory framework. In keeping with that parallel, the Bureau should clarify that "payphone-specific" features include "features that [a PSP] may require or find useful in configuring its [payphone]

³ E.g., Clarification Order, ¶ 9 & n.25 (citing Computer III line of cases).

⁴ Clarification Order, ¶ 17 (citing Filing and Review of Open Network Architecture Plans, Phase I, Memorandum Opinion and Order, FCC 88-381, 4 FCC Rcd 1 (1988) (" BOC ONA Order")).

⁵ In the event that the Clarification Order did not define "payphone specific" and "unbundled" as indicated above, APCC requests in the alternative that the order be reconsidered and modified.

⁶ "Features and/or functions" will be referred to collectively herein as "features."

service," and are not limited to features offered exclusively, or even predominantly, to PSPs. Clarification Order, ¶ 17 (citing BOC ONA Order). This clarification is necessary because U S West and possibly other LECs are relying on the Clarification Order as an excuse for failing to federally tariff their blocking and screening services, even though call blocking and call screening were specifically cited in the Clarification Order, (¶ 18 & n.49) as examples of "payphone-specific" services that "must be federally tarified if they are offered on an unbundled basis" Id., n.49.

U S West initially had filed a federal tariff for its "CUSTOMNET" blocking and screening service. APCC had requested investigation of the tariff filing because U S West was proposing to charge \$5.00 per line per month for a service that according to its own cost support, costs only one cent per line per month. On April 14, 1997 -- four days after filing a letter pursuant to the Clarification Order, representing "[U S West] federally tarified the network-based payphone specific unbundled features and functions in its intrastate tariffs on January 15, 1997 . . . and is in full compliance with the Commission's federal tariffing requirements . . . ," and one day before the Bureau issued an order approving its CEI plan -- U S West deleted its CUSTOMNET service from its payphone compliance tariff filing. On April 25, 1997, U S West deleted CUSTOMNET from its CEI Plan.⁷ U S West claims that CUSTOMNET is not payphone-specific because it "is also

⁷ U S West's Comparably Efficient Interconnection Plan for Payphone Services, Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, Amendment of Plan of U S West, Inc. to Offer Comparably Efficient Interconnection for Payphone Services, filed April 25, 1997 ("U S West CEI Amendment") at 2. (A copy of the U S West CEI Amendment (without attachments) is attached for the Bureau's convenience as Exhibit 2).

used by numerous end-user customers other than payphone service providers,"⁸ and that 70% of its CUSTOMNET customers use business or residential lines. Therefore, U S West asserts, it does not have to federally tariff CUSTOMNET.

U S West's interpretation is utterly inconsistent with the language and purpose of the Clarification Order.⁹ First, the Clarification Order states that unbundled features are similar to basic service elements ("BSEs") under the ONA regulatory framework. Clarification Order, ¶ 17. In the BOC ONA Order, the Commission sought to create competition in, and to promote development of, the enhanced service industry. Likewise, in the Payphone Orders, the Commission is implementing the dual goals of Section 276, "promoting both competition among [PSPs] and the widespread deployment of payphone services to the benefit of the general public." Clarification Order, ¶ 3. Thus, the Bureau should reject interpretations of the Clarification Order that hinder payphone competitors from obtaining critical network services at reasonable, cost-based rates.¹⁰ In the BOC ONA

⁸ Id.

⁹ U S West's CUSTOMNET service is essentially a package of blocking and screening options. See U S West's January 15, 1997 Transmittal No. 823 (portions of which are attached as Exhibit 1 for the Commission's convenience). The Bureau *expressly identifies* call screening, Clarification Order, ¶ 18, and call blocking, *id.* at ¶ 18 n.49, as "payphone-specific, network-based, unbundled features and functions." Moreover, even according to U S West, approximately 30% of its subscribers to CUSTOMNET are PSPs. Thus, the feature is obviously of particular use to PSPs and should be considered "payphone-specific."

¹⁰ In fact, the Bureau should be even more vigilant in the implementation of Section 276 because in this context, the BOCs have historically dominated the payphone market and impeded independent PSPs from offering new competition. In the BOC ONA Order, by contrast, the Commission was implementing a regulatory framework that enabled BOCs to enter the enhanced service market for the first time.

Order, the Commission did not require that features must be available *only* to enhanced service providers ("ESPs") in order to be federally tariffed. In applying this Computer III derived requirement to the payphone industry, therefore, the Bureau clearly did not intend to require that payphone-specific features must be available *only* to PSPs in order to be federally tariffed.

Second, the Clarification Order cites as "payphone-specific" several other features that are commonly available to entities other than PSPs. For example, answer supervision is specifically cited as a payphone-specific feature, Clarification Order, ¶ 18, even though it is available to ESPs and other non-payphone subscribers. The Bureau also specifically cited IDDD blocking as a payphone-specific service. *Id.*, ¶ 18 n.49. The Commission recently required LECs to offer IDDD blocking to business customers, in addition to PSPs.¹¹ The Bureau would not have cited answer supervision and IDDD blocking as payphone-specific services if it had intended to require federal tariffing of only services offered exclusively or predominantly to PSPs.

In short, the Clarification Order indicates that the Bureau did not intend to limit federal tariffing of payphone-specific features to only those features predominantly

¹¹ Policy and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket No. 91-35, 11 FCC Rcd 17021, 17027 (1996) (requiring "LECs to offer their federally tariffed international call blocking service on an unbundled basis to all business customers, aggregators and non-aggregators alike") (footnote omitted).

subscribed to by PSPs. To the extent that this was not understood by U S West and other LECs,¹² the Bureau needs to provide clarification.

Certain BOCs have ignored the fact that the Bureau specifically cited answer supervision, call screening, call blocking and IDDD blocking as payphone-specific features.¹³ Therefore, it is necessary for the Bureau to clarify that these features are distinguished from features "generally available to all local exchange customers and ... *only incidental to payphone service.*" Clarification Order, ¶ 18 (emphasis added). The payphone specific features listed by the Bureau are "features that [a PSP] may require or find useful in configuring its [payphone] service," i.e., features that are of particular importance to PSPs.

¹² U S West is apparently not the only LEC applying a restricted interpretation to the Clarification Order. BellSouth's April 9, 1997 submission pursuant to the Clarification Order states, "there are no payphone-specific, network-based, unbundled features and functions provided to others or taken by BellSouth's payphone operations that are tariffed by BellSouth at the intrastate level." (A copy of BellSouth's April 9, 1997 submission is attached for the Bureau's convenience as Exhibit 3.) BellSouth's justification for making this claim is unclear, but BellSouth's claim is addressed in John F. Beach's and Marcus W. Trathen's April 14, 1997 Ex Parte Letters to Secretary William F. Caton, regarding BellSouth's April 9, 1997 submission in CC Docket No. 96-128 (copies of which are attached as Exhibit 4). The particular claims of BellSouth and the responses thereto are related to the Commission's April 15, 1997 BellSouth CEI Order, BellSouth Corporation's Offer of Comparably Efficient Interconnection to Payphone Service Providers, Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, Order, DA 97-792, released April 15, 1997 (CCB) ("BellSouth CEI Order"), and need not be addressed here. However, for purposes of this request for clarification or reconsideration, BellSouth's claim is yet another example of the need for the Bureau to provide further guiding principles governing the LECs' federal tariffing obligations. See also Rochester Telephone Corp., Transmittal No. 21, April 15, 1997, Description and Justification at 2-3.

¹³ See, e.g., BellSouth's April 9, 1997 submission at 1.

In short, the Commission should clarify that "payphone-specific" refers to services that are required or especially useful to PSPs in configuring their payphone service, see Clarification Order, ¶ 17 (citing BOC ONA Order), unlike services such as touchtone service, that are only incidental to PSPs. Moreover, the Bureau should clarify that it did not intend that payphone-specific features are only those features that are used predominantly by PSPs.

II. "UNBUNDLED" FEATURES AND FUNCTIONS

The Bureau should clarify that "unbundled" features should include all features that are available but not automatically provided with the basic payphone line. If a "smart" or "dumb" payphone line can be purchased for different prices depending on whether it is ordered with or without a feature, then the feature is "unbundled."

LECs should not be permitted to escape the federal tariffing requirements simply by phrasing their tariffs a certain way. NYNEX's New York tariff, for example, has several service options that include the payphone line plus various features, and each service option is offered at a different price. Apparently believing that it can characterize the components of these service packages as "bundled," NYNEX has declined to federally tariff any of the blocking and screening features offered in New York.¹⁴

¹⁴ By contrast, NYNEX does propose to federally tariff blocking and screening features offered in New England states, presumably because they are differently configured on the tariff page. See Alan S. Cort's April 10, 1997 Ex Parte Letter to Secretary William F. Caton (attached as Exhibit 5).

However, the blocking and screening features are actually being offered on an unbundled basis. The price NYNEX charges for a particular feature can be determined by subtracting the price of a service option *without* the feature from the price of a service option *with* the feature. For example, the rate for NYNEX's two-way, Basic Public Access Line ("BPAL"), which *does not* include outward call screening ("OCS"), is \$15.47. The rate for NYNEX's two-way, BPAL that *does* include OCS, and is apparently otherwise the same, is \$17.72. Thus, NYNEX charges \$2.25 more for OCS. NYNEX is required to federally tariff OCS as an unbundled function,¹⁵ and to demonstrate that the \$2.25 rate complies with the "new services" test.¹⁶ If NYNEX's blocking and screening features are "unbundled," then any unbundled feature could be transformed into a "bundled" one by simply revising the way that the rates for the feature are presented in the tariff.

In short, the Bureau should clarify that "unbundled" features should include all features that are available but not automatically provided with the basic payphone line.

¹⁵ Keith J. Roland's April 14, 1997 Ex Parte Letter to Secretary William F. Caton, regarding NYNEX Telephone Companies' Comparably Efficient Interconnection Plan for Payphone Services, CC Docket No. 96-128, discusses other examples of unbundled features or functions that NYNEX does not intend to federally tariff. (Mr. Roland's April 14 Ex Parte Letter, and NYNEX's tariff pages, are attached as Exhibit 6 for the Bureau's convenience.)

¹⁶ Because OCS involves a simple transmission of two extra digits in the ANI or BTN stream, which gives an operator service provider notice that a call originates at a pay telephone, the cost of adding the extra digits should be minuscule (and presumably in the same "ballpark" as U S West's one cent per line per month). NYNEX's \$2.25 rate is thus apparently well in excess of cost.. In any event, NYNEX's attempt to evade the federal tariffing requirement demonstrates the importance of the Bureau providing clarification and guidance on the LECs' federal tariffing obligations in order to permit competition in the pay telephone industry.

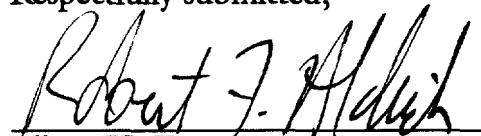
Moreover, the Bureau should clarify that a LEC should not be permitted to evade the federal tariffing requirement by setting up several different categories of service options that include or exclude particular features, and then claiming that the features are not unbundled because they are included in the price of a particular service option, when the same service minus the feature is also available.

III. CONCLUSION

For the reasons set forth herein, the Bureau should clarify (or in the alternative grant reconsideration and declare) that "payphone-specific" features include all features that PSPs "may require or find useful in configuring [their payphone] service," whether or not a majority of subscribers to the feature are PSPs. Second, the Bureau should clarify that "unbundled" features are those features that are available but not automatically provided with a basic payphone line, regardless of how the LECs tariffs are phrased.

Dated: May 5, 1997

Respectfully submitted,



Albert H. Kramer
Robert F. Aldrich
David M. Janas
DICKSTEIN SHAPIRO MORIN
& OSHINSKY LLP
2101 L Street, N.W.
Washington, D.C. 20037-1526
(202) 785-9700

Attorneys for the American Public
Communications Council

EXHIBIT 1

U S WEST Communications, Inc.
1801 California Street, Room 4740
Denver, Colorado 80202
303 896-1446

John Kure
Director - Public Policy



January 15, 1997

Transmittal No. 823

Secretary
Federal Communications Commission
1919 "M" Street, NW, Room 222 SC1170
Washington, D.C. 20554

Attention: Common Carrier Bureau

The accompanying tariff material, issued on behalf of U S WEST Communications, Inc. d/b/a U S WEST Communications (USWC) and bearing Tariff F.C.C. No. 5, effective as reflected on the attached tariff pages, is sent to you for filing in compliance with the requirements of the Communications Act of 1934, as amended. This material consists of tariff pages indicated on the following check sheet(s):

Tariff F.C.C. No.
5

Check Sheet Revision No.
240th Revision of Page 0-1
30th Revision of Page 0-1.2
31st Revision of Page 0-1.3
17th Revision of Page 0-1.4
19th Revision of Page 0-1.5
18th Revision of Page 0-1.17
45th Revision of Page 0-1.18
42nd Revision of Page 0-1.19

This filing is being made to comply with the FCC's Orders in CC Docket Nos. 96-128 and 91-35, In the Matter of Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996. The filing includes exogenous adjustments to reflect the deregulation of pay telephone sets and a change in NECA Long Term Support. The filing implements the Orders' requirement to apply a multiline business End User Common Line (EUCL) charge to all payphone lines. The filing also restructures the Common Line Charges to recover in the EUCL the revenue requirement for public pay telephone lines formerly recovered in the Carrier Common Line Charge. Tariff language changes have been made to reflect the deregulation of pay telephone sets. Finally, the filing adds four unbundled features currently used by USWC's pay telephone operation in its provision of pay telephone service from smart pay telephones as required by the Orders.

PL

ICE COPY

Secretary
Transmittal No. 823
January 15, 1997
Page Two

Supporting information discussed under Sections 61.38 and 61.49 of the Commission's Rules is, to the extent applicable, included with this filing in the attached Description and Justification.

In accordance with Section 61.32(b), the original Transmittal Letter, the Federal Communications Commission Form 159 and the filing fee have been submitted to a courier service for delivery to the Treasury Department lockbox located at the Mellon Bank in Pittsburgh, Pennsylvania.

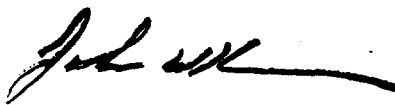
In accordance with Sections 61.32(a) and (c), the appropriate tariff pages and attachments are hereby delivered to the Secretary, Federal Communications Commission, their commercial contractor and the Chief, Pricing Analysis Branch. These actions have been committed on the date established as the issued/filed date as reflected above.

Acknowledgment and date of receipt of this filing are requested. A duplicate letter of transmittal is attached for this purpose.

All correspondence and inquiries in connection with this filing, including service copies of petitions, should be directed to:

Ms. BB Nugent
U S WEST, Inc.
1020-19th Street, NW, Suite 700
Washington, DC 20036
Phone (202) 429-3131
Facsimile (202) 296-5157

Respectfully,

A handwritten signature in black ink, appearing to be "J. B. Nugent", written in a cursive style.

Attachments:
Duplicate Letter
Tariff Page(s)
Description and Justification

U S WEST Communications
ACCESS SERVICE

TARIFF F.C.C. NO. 5
ORIGINAL PAGE 13-41.9

**13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR
AND MISCELLANEOUS SERVICES**

13.3 MISCELLANEOUS SERVICES (Cont'd)

13.3.19 BASIC PUBLIC ACCESS LINE (PAL) OPTIONAL FEATURES

A. Answer Supervision - Lineside

This option provides the capability to deliver "off-hook" supervisory signals from the terminating central office switch to a lineside interface at the originating central office switch. These signals indicate when the called station has answered an incoming call. Answer Supervision will only be provided where technically feasible with Basic PAL Service offered in the Company's general or local exchange tariffs. Rates are set forth in 13.4.3., following.

B. Billed Number Screening

Billed Number Screening (BNS) prohibits collect and/or third number billing calls from being charged to BNS equipped numbers. Callers attempting to place a collect or third number billing calls using a BNS number for billing will be advised by an operator that such billing is unauthorized and the call will not be completed until other payment or billing arrangements are made. BNS is subject to the availability of facilities with Basic PAL Service offered in the Company's general or local exchange tariffs. Collect and/or third number billed calls originating from locations that do not have screening capabilities may not be capable of being intercepted and denied and will be billed, e.g., International calls and calls that do not go through the Billing Validation Authority (BVA) data base. Provision of BNS does not alleviate customer responsibility for completed toll calls. This service is available to customers at no charge.

(N)

(N)

U S WEST Communications
ACCESS SERVICETARIFF F.C.C. NO. 5
ORIGINAL PAGE 13-41.10**13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR
AND MISCELLANEOUS SERVICES****13.3 MISCELLANEOUS SERVICES**

(T)

13.3.19 BASIC PUBLIC ACCESS LINE (PAL) OPTIONAL FEATURES ((Cont'd)

(N)

C. CUSTOMNET Service

CUSTOMNET Service provides toll access screening options which allow a customer to restrict the classes of chargeable calls originating over some or all of their lines. *CUSTOMNET* Service enables a customer, by means of Company operator identification, to provide toll access but restrict (0/0+) outgoing toll calls to only those calls which are charged to the called telephone (collect), a third number, and/or calling card.

CUSTOMNET Service is offered to individual PAL customers. Two options, described below, are available with this service. The provision of this service may require some customers to change their existing telephone number.

- Option 1

All local and nonchargeable calls, e.g., calls to 800/800-type service numbers, and calls to Company numbers such as repair and public emergency service numbers (such as 911) will be permitted. Calls dialed 1+, including calls to Directory Assistance, will not be permitted. Calls dialed 0/0+ to Directory Assistance will be permitted if alternate billing is provided.

- Option 2

All local calls, nonchargeable calls and calls dialed 1+ will be permitted. With this option, the customer assumes responsibility for all calls dialed 1+ and indemnifies and saves the Company harmless against claims resulting from abuse or fraudulent use of the service.

CUSTOMNET Service is furnished where facilities and operating conditions permit for Basic PAL Service. The Company reserves the right to restrict the screening classes or combinations of classes to standard arrangements. Toll Restriction cannot be applied to lines using *CUSTOMNET* Service. Rates are set forth in 13.4.3., following.

(N)

**13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR
AND MISCELLANEOUS SERVICES**

13.3 MISCELLANEOUS SERVICES

(T)

13.3.19 BASIC PUBLIC ACCESS LINE (PAL) OPTIONAL FEATURES ((Cont'd)

(N)

D. Blocking for 10XXX1+/10XXX011+

Blocking for 10XXX1+/10XXX011+ prevents 10XXX1+ and 10XXX011+ calls from being completed. Blocked calls will be routed to an announcement. This option is available where facilities and operating conditions permit for Basic PAL Service. Rates are set forth in 13.4.3., following.

(N)

TARIFF F.C.C. NO. 5
1ST REVISED PAGE 13-69.3
CANCELS ORIGINAL PAGE 13-69.3

13.4 RATES AND CHARGES - ALL STATES

13.4.3 CHARGES FOR MISCELLANEOUS SERVICE (Cont'd)

| | USOC | NONRECURRING CHARGE | MONTHLY RATE |
|--|-------|------------------------|-----------------|
| • Per Interface at 1.544 Mbps on SONET-based facilities | S1F1S | \$199.00 | \$5.00 |
| M. Answer Supervision - Lineside • Per PAL line | AS8L+ | 15.00 | 3.95 |
| N. <i>CUSTOMNET</i> Service • Per PAL line | SEA | 30.00 | 5.00 |
| O. Blocking for 10XXX1+/10XXX011+ • Per PAL line | RTVXY | 4.00 | 0.10 |

$$\begin{array}{c} (N) \\ \vdots \\ (N) \end{array}$$

Effective: April 15, 1997

PUBLIC REFERENCE COPY

U S WEST COMMUNICATIONS, INC.

TARIFF F.C.C. NO. 5

ACCESS SERVICE

DESCRIPTION AND JUSTIFICATION

PAY TELEPHONE COMPLIANCE

TABLE OF CONTENTS

| <u>Section</u> | | <u>Page</u> |
|----------------|---|-------------|
| 1 | Introduction and Description | 1 |
| 1.1 | Overview | 1 |
| 1.2 | CCL Exogenous Cost Adjustment | 2 |
| 1.3 | NECA Long Term Support Exogenous Adjustment | 3 |
| 1.4 | Carrier Common Line Rate Adjustment | 3 |
| 1.5 | End User Common Line Rate Adjustment | 4 |
| 1.6 | Tariff Language Changes | 4 |
| 2 | Unbundled Features | 5 |
| 2.1 | Answer Supervision - Lineside | 6 |
| 2.2 | Billed Number Screening | 7 |
| 2.3 | CUSTOMNET Service | 8 |
| 2.4 | Blocking for 10XXX1+/10XXX011+ | 8 |
| 3 | Rate Development for Unbundled Features | 9 |
| 4 | Demand and Revenue Impacts for Unbundled Features | 10 |
| 4.1 | Demand | 10 |
| 4.2 | Revenue | 10 |
| 5 | Unit Costs for Unbundled Features | 10 |
| 5.1 | Overview | 10 |
| 5.2 | Development of Recurring Unit Costs | 11 |
| 5.3 | Development of Nonrecurring Unit Costs | 12 |
| 5.4 | Description of Workpapers | 13 |
| 6 | Workpapers | 13 |

Access Line. Language concerning pay telephone sets, in general, has been removed from the tariff entirely or has been replaced, where appropriate, with a reference to Public Access Lines or Pay Telephone Service Providers.

2. Unbundled Features

This filing introduces four unbundled features that have been used by USWC's pay telephone operation in the provision of its pay telephone service provided from smart phones.² They include: Answer Supervision - Lineside, Billed Number Screening, CUSTOMNET Service, and Blocking for 10XXX1+/10XXX011+. No unbundled features are used by USWC's pay telephone operation in the provision of its pay telephone service provided from "dumb" pay telephones. While the above services are used by USWC's pay telephone operation, it should be noted that these services have been available to independent pay telephone providers in USWC's state exchange services tariffs and have, in fact, been purchased and still are being purchased out of those tariffs by independent pay telephone providers. These features were not available only to USWC. All of these services are, in fact, available on lines other than Public Access Lines purchased out of USWC's state exchange services tariffs. None of these features is required in order to provide service from a smart pay telephone over a Basic PAL line.³

²Inclusion of these unbundled features is required by the FCC's Report and Order, CC Dockets No. 96-128 and 91-35, In the Matter of Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, released September 20, 1996, ¶¶ 146-148.

³USWC's Basic PAL Line is used to provide service to a smart pay telephone. USWC's Smart PAL Line is used to provide service to a "dumb" pay telephone.

2.1 Answer Supervision - Lineside

Answer Supervision - Lineside (ASLS) provides the capability to deliver "off-hook" supervisory signals from the terminating central office switch to a lineside interface at the originating central office switch. The feature indicates when the called party has answered the incoming call.

ASLS was originally deployed at the request of an enhanced service provider with a service that would make use of this feature. Later, it was determined that pay telephone providers might have a use for this service in order to know the exact timing for determining call duration. The demand from the enhanced service provider never materialized. In addition, as smart pay telephones became even more sophisticated, they arrived with the capability to detect the "off-hook" condition based on their ability to recognize fast and slow busy signals, the special information tones (SIT tones) that precede intercept messages, the human voice, etc. Rather than just a timing algorithm based on the amount of time that the pay telephone end user had the pay telephone in an "off-hook" condition, there were now numerous triggers recognizable by the smart phone to trigger a determination as to whether charges should commence based on a completed call. As a consequence, the expected demand for ASLS by payphone service providers (PSPs) did not materialize due to the fact that the service could add only marginal value beyond that already resident within the smart pay telephone itself. In fact, today, out of the approximately 24,600 lines equipped with this feature, independent pay telephone providers have purchased this feature on only 188 PAL lines. USWC does not expect any demand at the interstate level as this service is purchased as a feature on services obtained under state exchange service tariffs.

USWC is proposing the same nonrecurring and recurring rates per equipped line for this service that are approved and effective in thirteen of its fourteen states.

ASLS is only available in 5ESS and DMS switches. All of these switches are not currently equipped with this capability nor does USWC intend to equip the remaining offices with the capability due to lack of demand. When this service was introduced in USWC's state tariffs, enough demand was anticipated to plan deployment in all 5ESS and DMS switches. The costs for such deployment and demand supported the rate levels currently in effect in our state tariffs. As can be seen in Workpapers 14 and 17, the current nonrecurring costs more than support the nonrecurring charge proposed. The new recurring cost support foresees essentially static demand, most of which is demand from the USWC pay telephone operation, and does not include the expansion of the service into additional switches. Any additions to service in switches would result in significant additional costs not reflected in the attached recurring cost workpaper.

2.2 Billed Number Screening

Billed Number Screening (BNS) prohibits collect and/or third number billing calls from being charged to BNS equipped numbers. Callers attempting to place collect or third number billed calls to a BNS equipped number will be advised by the operator that such billing is unauthorized. This service is available to customers at no charge. USWC expects no demand for this service at the interstate level.

2.3 CUSTOMNET Service

CUSTOMNET Service provides toll access screening options that allow customers to restrict the classes of chargeable calls originating over their lines. CUSTOMNET allows pay telephone providers, by means of USWC operator identification, to provide toll access but restrict 0/0+ outgoing toll calls to only those calls that are charged to the called number, a third number, and/or a calling card. Two options are provided. In Option 1, all local and non chargeable calls (800 type, company repair, 911, etc.) are permitted. Calls dialed 0/0+ are permitted if alternate billing is used. Calls dialed 1+, including calls to Directory Assistance, are not permitted. With Option 2, local calls, non chargeable calls and calls dialed 1+ are permitted.

Both a nonrecurring and recurring charge will apply to the CUSTOMNET feature on a per line basis. The rates for this service are based on rates currently approved and effective in USWC's fourteen states. Alternatives to this service are resident within smart pay telephones. CUSTOMNET is not required to provide service from a smart pay telephone.

2.4 Blocking for 10XXX1+/10XXX011+

Blocking for 10XXX1+/10XXX011+ prevents 10XXX1+ and 10XXX011+ calls from being completed. Such calls will be routed to an announcement. Rates are based on rates currently approved and charged in USWC's fourteen states and include both nonrecurring and recurring elements.

3. Rate Development for Unbundled Features

USWC developed direct recurring and nonrecurring costs for the rate elements for ASLS, CUSTOMNET Service, and Blocking for 10XXX1+/10XXX011+ Service. Next, internal and external conditions which impact the new service were evaluated to determine the price of the service. Factors considered included the pricing of and relationship to existing services offered by USWC (i.e., rates for these services charged in each state), the competitive alternatives available to the customer, market willingness to pay, and other information on the value of the service to the customer. The charges for each of these unbundled features are above direct cost.⁴

After establishing the price, the ratio of price to direct cost was developed and compared to the ratio of total Part 69 expenses to the total cost for interstate services. Total Part 69 expenses were developed for service categories by using the ARMIS Report 43-01 data for the period January 1995 through December 1995. Workpaper 13 details the detailed Part 69 comparisons. In addition to the price/direct cost ratio, Workpaper 13 provides the direct cost/price and direct cost/unit investment ratios, as required in the Part 69 ONA Order. The direct cost to unit investment is not displayed for the nonrecurring charge elements, as there is no unit investment associated with those elements.

⁴Some of the direct nonrecurring costs of ASLS are recovered in the recurring rate, although this recovery is not reflected in the cost support for the recurring rate element.